

# SENATE BILL No. 1232

March 25, 2008, Introduced by Senators JACOBS and SCOTT and referred to the Committee on Finance.

A bill to amend 1893 PA 206, entitled  
"The general property tax act,"  
(MCL 211.1 to 211.155) by adding section 700.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1        SEC. 700. (1) BEGINNING DECEMBER 31, 2009, IF THE OWNERSHIP OF  
2        AN ELIGIBLE PRINCIPAL RESIDENCE IS TRANSFERRED TO A QUALIFIED  
3        PURCHASER AND THE TAXABLE VALUE OF THE ELIGIBLE PRINCIPAL RESIDENCE  
4        IS ADJUSTED UNDER SECTION 27A(3), THE INCREASE IN THE ELIGIBLE  
5        PRINCIPAL RESIDENCE'S TAXABLE VALUE IN EXCESS OF THE ADJUSTED  
6        TAXABLE VALUE OF THE QUALIFIED PURCHASER'S CURRENT PRINCIPAL  
7        RESIDENCE IS EXEMPT FROM THE COLLECTION OF TAXES UNDER THIS ACT  
8        UNTIL THERE IS A SUBSEQUENT TRANSFER OF OWNERSHIP OF THE ELIGIBLE  
9        PRINCIPAL RESIDENCE.

10        (2) UPON THE TRANSFER OF OWNERSHIP OF AN ELIGIBLE PRINCIPAL

1 RESIDENCE SUBJECT TO THE EXEMPTION UNDER SUBSECTION (1), THE  
2 TAXABLE VALUE OF THE ELIGIBLE PRINCIPAL RESIDENCE SHALL BE ADJUSTED  
3 PURSUANT TO SECTION 27A(3).

4 (3) TO CLAIM AN EXEMPTION UNDER SUBSECTION (1) FOR AN ELIGIBLE  
5 PRINCIPAL RESIDENCE, AN OWNER SHALL FILE AN AFFIDAVIT CLAIMING THE  
6 EXEMPTION WITH THE LOCAL TAX COLLECTING UNIT BY MAY 1. THE  
7 AFFIDAVIT SHALL BE IN A FORM PRESCRIBED BY THE DEPARTMENT OF  
8 TREASURY.

9 (4) UPON RECEIPT OF AN AFFIDAVIT FILED UNDER SUBSECTION (3),  
10 THE ASSESSOR OF THE LOCAL TAX COLLECTING UNIT SHALL DETERMINE IF  
11 THE PROPERTY IS AN ELIGIBLE PRINCIPAL RESIDENCE. IF THE ASSESSOR  
12 DETERMINES THAT THE PROPERTY IS AN ELIGIBLE PRINCIPAL RESIDENCE,  
13 THE ASSESSOR SHALL EXEMPT THE PROPERTY AS PROVIDED IN SUBSECTION  
14 (1) UNTIL DECEMBER 31 OF THE YEAR IN WHICH THE PROPERTY IS NO  
15 LONGER AN ELIGIBLE PRINCIPAL RESIDENCE.

16 (5) NOT MORE THAN 90 DAYS AFTER ALL OR ANY PORTION OF PROPERTY  
17 EXEMPT UNDER SUBSECTION (1) IS NO LONGER AN ELIGIBLE PRINCIPAL  
18 RESIDENCE, THE PERSON CLAIMING THE EXEMPTION SHALL RESCIND THE  
19 EXEMPTION OF THE PROPERTY UNDER SUBSECTION (1) BY FILING WITH THE  
20 LOCAL TAX COLLECTING UNIT A RESCISSION FORM PRESCRIBED BY THE  
21 DEPARTMENT OF TREASURY. AN OWNER WHO FAILS TO RESCIND AN EXEMPTION  
22 AS REQUIRED UNDER THIS SUBSECTION IS SUBJECT TO A PENALTY OF \$5.00  
23 PER DAY FOR EACH SEPARATE FAILURE BEGINNING 90 DAYS AFTER ALL OR  
24 ANY PORTION OF PROPERTY EXEMPT UNDER SUBSECTION (1) IS NO LONGER AN  
25 ELIGIBLE PRINCIPAL RESIDENCE, UP TO A MAXIMUM OF \$200.00.

26 (6) AN OWNER OF PROPERTY THAT IS AN ELIGIBLE PRINCIPAL  
27 RESIDENCE ON MAY 1 FOR WHICH AN EXEMPTION WAS NOT ON THE TAX ROLL

1 MAY FILE AN APPEAL WITH THE JULY OR DECEMBER BOARD OF REVIEW IN THE  
2 YEAR THE EXEMPTION WAS CLAIMED OR THE IMMEDIATELY SUCCEEDING YEAR.  
3 AN OWNER OF PROPERTY THAT IS AN ELIGIBLE PRINCIPAL RESIDENCE ON MAY  
4 1 FOR WHICH AN EXEMPTION WAS DENIED BY THE ASSESSOR IN THE YEAR THE  
5 AFFIDAVIT WAS FILED MAY APPEAL THAT DENIAL TO THE JULY BOARD OF  
6 REVIEW FOR SUMMER TAXES OR, IF THERE IS NOT A SUMMER LEVY, TO THE  
7 DECEMBER BOARD OF REVIEW.

8 (7) IF THE ASSESSOR OF THE LOCAL TAX COLLECTING UNIT BELIEVES  
9 THAT PROPERTY FOR WHICH AN EXEMPTION HAS BEEN GRANTED IS NOT AN  
10 ELIGIBLE PRINCIPAL RESIDENCE, THE ASSESSOR MAY DENY OR MODIFY AN  
11 EXISTING EXEMPTION BY NOTIFYING THE PERSON CLAIMING THE EXEMPTION  
12 IN WRITING AT THE TIME REQUIRED FOR PROVIDING A NOTICE UNDER  
13 SECTION 24C. A TAXPAYER MAY APPEAL THE ASSESSOR'S DETERMINATION TO  
14 THE BOARD OF REVIEW MEETING UNDER SECTION 30. A DECISION OF THE  
15 BOARD OF REVIEW MAY BE APPEALED TO THE RESIDENTIAL AND SMALL CLAIMS  
16 DIVISION OF THE MICHIGAN TAX TRIBUNAL.

17 (8) IF AN EXEMPTION UNDER THIS SECTION IS ERRONEOUSLY GRANTED,  
18 AN OWNER MAY REQUEST IN WRITING THAT THE LOCAL TAX COLLECTING UNIT  
19 WITHDRAW THE EXEMPTION. IF AN OWNER REQUESTS THAT AN EXEMPTION BE  
20 WITHDRAWN, THE LOCAL ASSESSOR SHALL NOTIFY THE OWNER THAT THE  
21 EXEMPTION ISSUED UNDER THIS SECTION HAS BEEN DENIED BASED ON THAT  
22 OWNER'S REQUEST. IF AN EXEMPTION IS WITHDRAWN, THE PROPERTY THAT  
23 HAD BEEN SUBJECT TO THAT EXEMPTION SHALL BE IMMEDIATELY PLACED ON  
24 THE TAX ROLL BY THE LOCAL TAX COLLECTING UNIT IF THE LOCAL TAX  
25 COLLECTING UNIT HAS POSSESSION OF THE TAX ROLL OR BY THE COUNTY  
26 TREASURER IF THE COUNTY HAS POSSESSION OF THE TAX ROLL AS THOUGH  
27 THE EXEMPTION HAD NOT BEEN GRANTED. A CORRECTED TAX BILL SHALL BE

1 ISSUED FOR THE TAX YEAR BEING ADJUSTED BY THE LOCAL TAX COLLECTING  
2 UNIT IF THE LOCAL TAX COLLECTING UNIT HAS POSSESSION OF THE TAX  
3 ROLL OR BY THE COUNTY TREASURER IF THE COUNTY HAS POSSESSION OF THE  
4 TAX ROLL. IF AN OWNER REQUESTS THAT AN EXEMPTION UNDER THIS SECTION  
5 BE WITHDRAWN BEFORE THAT OWNER IS CONTACTED IN WRITING BY THE LOCAL  
6 ASSESSOR REGARDING THAT OWNER'S ELIGIBILITY FOR THE EXEMPTION AND  
7 THAT OWNER PAYS THE CORRECTED TAX BILL ISSUED UNDER THIS SUBSECTION  
8 WITHIN 30 DAYS AFTER THE CORRECTED TAX BILL IS ISSUED, THAT OWNER  
9 IS NOT LIABLE FOR ANY PENALTY OR INTEREST ON THE ADDITIONAL TAX. AN  
10 OWNER WHO PAYS A CORRECTED TAX BILL ISSUED UNDER THIS SUBSECTION  
11 MORE THAN 30 DAYS AFTER THE CORRECTED TAX BILL IS ISSUED IS LIABLE  
12 FOR THE PENALTIES AND INTEREST THAT WOULD HAVE ACCRUED IF THE  
13 EXEMPTION HAD NOT BEEN GRANTED FROM THE DATE THE TAXES WERE  
14 ORIGINALLY LEVIED.

15 (9) A HUSBAND AND WIFE WHO ARE REQUIRED TO FILE OR WHO DO FILE  
16 A JOINT MICHIGAN INCOME TAX RETURN ARE ENTITLED TO NOT MORE THAN 1  
17 EXEMPTION UNDER THIS SECTION. HOWEVER, ONLY 1 SPOUSE IS REQUIRED TO  
18 BE A QUALIFIED PURCHASER.

19 (10) AS USED IN THIS SECTION:

20 (A) "ADJUSTED TAXABLE VALUE" MEANS THE TAXABLE VALUE OF A  
21 QUALIFIED PURCHASER'S CURRENT PRINCIPAL RESIDENCE IN THE YEAR IN  
22 WHICH OWNERSHIP OF AN ELIGIBLE PRINCIPAL RESIDENCE IS TRANSFERRED  
23 TO THE QUALIFIED PURCHASER, ADJUSTED AS PROVIDED IN SECTION 27A(3).

24 (B) "CURRENT PRINCIPAL RESIDENCE" MEANS THE PRINCIPAL  
25 RESIDENCE OF A QUALIFIED PURCHASER FOR WHICH AN EXEMPTION WAS  
26 RESCINDED BY THE QUALIFIED PURCHASER UNDER SECTION 7CC(5) IN THE  
27 YEAR IN WHICH OWNERSHIP OF AN ELIGIBLE PRINCIPAL RESIDENCE WAS

1 TRANSFERRED TO THE QUALIFIED PURCHASER.

2 (C) "ELIGIBLE PRINCIPAL RESIDENCE" MEANS A PARCEL FOR WHICH A  
3 PRINCIPAL RESIDENCE EXEMPTION IS CLAIMED BY A QUALIFIED PURCHASER  
4 FOR WHICH THE STATE EQUALIZED VALUATION FOR THE YEAR IN WHICH  
5 OWNERSHIP WAS TRANSFERRED TO THE QUALIFIED PURCHASER IS LESS THAN  
6 THE STATE EQUALIZED VALUATION OF THE QUALIFIED PURCHASER'S CURRENT  
7 PRINCIPAL RESIDENCE.

8 (D) "PRINCIPAL RESIDENCE EXEMPTION" MEANS THE EXEMPTION FROM  
9 THE COLLECTION OF TAXES LEVIED UNDER SECTION 1211 OF THE REVISED  
10 SCHOOL CODE, 1976 PA 451, MCL 380.1211, PROVIDED UNDER SECTION 7CC.

11 (E) "QUALIFIED PURCHASER" MEANS A PERSON WHO MEETS ALL OF THE  
12 FOLLOWING CONDITIONS:

13 (i) IS A PERSON TO WHOM OWNERSHIP OF AN ELIGIBLE PRINCIPAL  
14 RESIDENCE IS TRANSFERRED.

15 (ii) IS AT LEAST 65 YEARS OF AGE IN THE YEAR IN WHICH OWNERSHIP  
16 OF AN ELIGIBLE PRINCIPAL RESIDENCE IS TRANSFERRED.

17 (iii) HAS CLAIMED A PRINCIPAL RESIDENCE ON HIS OR HER CURRENT  
18 PRINCIPAL RESIDENCE FOR NOT LESS THAN 3 YEARS.

19 (F) "TRANSFER OF OWNERSHIP" MEANS THAT TERM AS DEFINED IN  
20 SECTION 27A.